

Message Text

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ACTION EUR-12

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S E C R E T STOCKHOLM 4883

CINCUSAFE PLEASE PASS TO SEC. SCHLESINGER

E.O. 11652: XGDS1

TAGS: MASS, MARR, SW, NO

SUBJECT: POSSIBLE SWEDISH SUBCONTRACTING FOR F-104 REPLACEMENT

REF: STOCKHOLM 4466; (B) STOCKHOLM 4410

1. I CALLED ON OUTGOING UNDER SECRETARY OF DEFENSE ANDERS THUNBORG OCTOBER 31 AS FOLLOW UP TO DINNER CONVERSATION PREVIOUS WEEK IN WHICH THUNBORG HAD REFERRED TO DISCUSSIONS BETWEEN SWEDISH AND NORWEGIAN DEFENSE MINISTRIES ON POSSIBLE COMPENSATION TO SWEDEN IN FORM OF RECEIVING SUBCONTRACTS IN EVENT VIGGEN WAS NOT RPT NOT CHOSEN AS F-104 REPLACEMENT. THUNBORG HAD PROMISED TO SEND ME A LETTER ON THIS SUBJECT, SPELLING OUT SWEDISH THINKING. WHEN LETTER DID NOT APPEAR, I TELEPHONED HIM TO INQUIRE ABOUT IT. HE RESPONDED THAT HE HAD DISCUSSED MATTER EXTENSIVELY WITH PRIME MINISTER PALME AND THEY HAD DECIDED THAT IT WOULD BE BETTER IF NOTHING WAS COMMITTED TO PAPER AND THAT WE MEET INSTEAD.

2. THUNBORG SET FORTH GOS VIEWS AS FOLLOWS:

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A. SWEDEN RECOGNIZED THAT VIGGEN WILL NOT RPT NO BE CHOSEN AS F-104 REPLACEMENT. SWEDES ASSUME US CRAFT WILL BE CHOSEN.

B. NEVERTHELESS, GOS IS GRATIFIED THAT VIGGEN HAD BEEN IN STARFIGHTER REPLACEMENT COMPETITION, SINCE IT HAD PROVIDED OPPORTUNITY FOR THE OUTSIDE WORLD TO LEARN A NUMBER OF VALUABLE THINGS ABOUT VIGGEN, INCLUDING (1) ITS FINE MANEUVERABILITY AND (2) THE EXCELLENCE OF ITS NOSE RADAR.

C. HOWEVER, IN VIEW OF FACT THAT ONLY 7 BILLION KRONER WILL BE AVAILABLE FOR DEFENSE EXPENDITURES IN 1977-82 PERIOD, IT IS NOW CLEAR TO SWEDISH MILITARY THAT SWEDEN COULD NOT RPT NOT ALONE BE ABLE TO DEVELOP A WEAPONS SYSTEM FOR 1980'S AS REPLACEMENT FOR VIGGEN. TO DEVELOP SUCH A SYSTEM WOULD REQUIRE A REDUCTION BOTH IN THE TOTAL WEIGHT OF THE PLANE AND IN THE SIZE OF THE ENGINE, WHICH WOULD BE IMPOSSIBLE ON THE PROJECTED FUNDS. NOTING THAT VIGGEN COSTS 25 MILLION KRONER PER PLANE IN CONTRAST TO 6 MILLION FOR ITS PREDECESSOR THE DRAKEN, THUNBORG SAID SWEDISH CRAFT NOW APPROACHING COST LEVEL OF F-15. ONLY WAY FOR SWEDEN TO MAINTAIN ITS MILITARY INDUSTRIAL CAPACITY AND 4,000 TECHNICIANS IN SAAB-SCANIA WOULD BE THROUGH MASSIVE SALES ABROAD AND/OR THROUGH "INTERNATIONALIZATION" OF AIRCRAFT PRODUCTION BETWEEN US AND EUROPE. (THUNBORG COMMENTED THAT VIGGEN CURRENTLY HAS LARGEST PERCENTAGE--MORE THAN 30 PERCENT--OF AMERICAN COMPONENTS OF ANY EUROPEAN PLANE.)

3. I ASKED THUNBORG ABOUT OUTCOME OF DISCUSSIONS WITH NORWEGIAN DEFENSE OFFICIALS. HE REPLIED THAT IN HIS TALKS WITH DEFENSE MINISTER FOSTERVOLL AND GENERAL HAMRE, THEY HAD MADE POINT THAT MORE FAVORABLE ATMOSPHERE COULD BE CREATED FOR NORWEGIAN SELECTION OF US CRAFT AS STARFIGHTER REPLACEMENT IF IT WERE MADE CLEAR THAT SWEDEN WOULD BE BROUGHT INTO DEAL ON SUBCONTRACTING BASIS. SUCH KNOWLEDGE WOULD MAKE US CHOICE MORE PALATABLE TO LEFTWING, NOT ONLY IN NORWAY BUT ALSO IN DENMARK, NORWEGIAN OFFICIALS HAD SAID. THUNBORG ADDED THAT SUBCONTRACTING TO SWEDEN WOULD ALSO BE PLEASING TO LABOR MOVEMENTS IN BELGIUM AND HOLLAND.

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4. I POINTED OUT THAT, IF GOS HAD SPECIFIC PROPOSAL TO PUT FORWARD ON SALES ABROAD OF VIGGEN, I WOULD PASS IT ON TO APPROPRIATE US AUTHORITIES. THUNBORG ANSWERED THAT, WHILE QUESTION HAD BEEN DISCUSSED EXTENSIVELY WITH PRIME MINISTER AND DEFENSE MINISTER HOLMQVIST, GOS VIEW WAS THAT TIME WAS NOT YET RIPE TO MAKE SPECIFIC PROPOSALS.

5. COMMENT: WHILE SENIOR SWEDISH GOVERNMENT AND MILITARY

OFFICIALS HAVE IMPLIED IN PAST THEY RECOGNIZED VIGGEN HAD LITTLE HOPE OF SECURING CONTRACT FOR F-104 REPLACEMENT, THIS IS FIRST TIME HIGH GOS OFFICIAL HAS STATED FLATLY VIGGEN HAS NO CHANCE. THAT THUNBORG WAS WILLING TO PUT GOS CARDS SO FRANKLY ON TABLE IS REFLECTION OF REALISTIC GOS ASSESSMENT THAT WITH VIGGEN OUT OF RUNNING AS STARFIGHTER REPLACEMENT, EMPHASIS SHOULD NOW BE DIRECTED TOWARDS GETTING AT LEAST A SMALL SHARE OF THE PIE THROUGH OFFSET CONTRACTS. IN STRESSING VIEW THAT ENABLING SWEDEN TO GET SUCH CONTRACTS WOULD MAKE CHOICE OF US AIRCRAFT MORE PALATABLE IN NORWAY AND DENMARK (AND POSSIBLY IN BELGIUM AND THE NETHERLANDS), SWEDES ARE, OF COURSE, ADVANCING SELF-SERVING ARGUMENT. NEVERTHELESS, I BELIEVE THERE IS SOME TRUTH IN IT. THUNBORG WENT FURTHER THAN ANY OTHER SENIOR GOS OFFICIAL IN ACKNOWLEDGING THAT THE CUT IN THE DEFENSE SHARE OF RESOURCES COULD WELL KILL THE POSSIBILITY OF NEW WEAPONS SYSTEM AS REPLACEMENT FOR VIGGEN. WHILE SWEDISH EXTREME LEFT HAS GONE ON RECORD OPPOSING REPLACEMENT SYSTEM FOR VIGGEN, MILITARY LEADERSHIP HAD HELD OUT HOPE THAT FUTURE INTERNATIONAL DEVELOPMENTS MIGHT ENGENDER PUBLIC SUPPORT FOR MAINTAINING VIABILITY OF SWEDISH DEFENSE FORCE. UNLESS THUNBORG WAS DISSEMBLING IN ORDER TO MAKE STRONGER CASE FOR OBTAINING SUBCONTRACTS ON STARFIGHTER REPLACEMENT, IT APPEARS THAT THE DEFENSE LEADERSHIP'S HOPES FOR A NEXT GENERATION FIGHTER AIRCRAFT ARE WANING. STRAUZ-HUPE

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